

## INTEREST RATE PRODUCTS

# Eurodollar Futures

Eurodollar futures allow you to hedge fluctuations in short-term U.S. interest rates.

### Overview

A benchmark for investors globally, Eurodollar futures provide a valuable, cost-effective tool for hedging fluctuations in short-term U.S. dollar interest rates. Eurodollars are U.S. dollars deposited in commercial banks outside the United States. Eurodollar futures prices reflect market expectations for interest rates on three-month Eurodollar deposits for specific dates in the future. The final settlement price of Eurodollar futures is determined by the three-month London Interbank Offered Rate (LIBOR) on the last trading day. Eurodollar futures were the first futures contract to be settled in cash, rather than physically delivered. A total of 40 quarterly futures contracts, spanning ten years, plus the four nearest serial (non-quarterly) months are listed at all times. Today more than 90 percent of Eurodollar futures, trade electronically on the CME Globex electronic trading platform.

Serial Eurodollar futures are identical to the quarterly contracts except they expire in months other than those in the March, June, September and December quarterly cycle. Two serial Eurodollar contracts are listed at any one time.

### Packs and Bundles

Packs and Bundles provide convenient alternatives for executing strips of Eurodollar futures.

*Eurodollar Packs* are the simultaneous purchase or sale of an equally weighted, consecutive series of four Eurodollar futures contracts, quoted on an average net change basis from the previous day's close. Packs, like Eurodollar futures, are designated by a color code that corresponds to their position on the yield curve. There are always 37 Packs listed for trading at a given time. The most common are: Red, Green, Blue, Gold, Purple, Orange, Pink, Silver and Copper, corresponding to Eurodollar futures years 2-10, respectively.

*Eurodollar Bundles* allow you to simultaneously buy or sell consecutive series of Eurodollar futures in equal proportions, typically beginning with the front quarterly contract. This means that a 5-year "strip" comprised of 20 individual contracts can be executed with just one transaction.

The price of a Eurodollar Pack or Bundle is quoted in terms of the average net change from the previous day's settlement prices for the entire group of contracts in the pack or bundle. Bundles and Packs are quoted in minimum .25 tick increments.

*5-Year E-Mini Bundle Futures* are an innovative packing of Eurodollar futures, offering a cost-effective means of getting exposure to the 5-year point on the U.S. interest rate swap/Eurodollar futures curve. Like Eurodollar Bundles, 5-Year E-mini Bundles allow you to trade the economic equivalent of 20 quarterly Eurodollar expirations in a single contract, but at \$100,000 are one-tenth the size of a conventional 5-Year Bundle.

### Benefits

- **Unsurpassed liquidity** with consistently tight bid/offer spreads and lower transaction costs.
- **Variety of trading opportunities**, including hedging, arbitrage, spreading against other contracts and cash equitization strategies.
- **Price transparency** with trading taking place in open, fair and anonymous markets.
- **Superior functionality** on the CME Globex electronic trading platform, providing transparent and competitive executions, fast and efficient markets and virtual around-the-clock access.

# EURODOLLAR FUTURES CONTRACT SPECIFICATIONS

EURODOLLAR FUTURES	
Underlying Instrument	Eurodollar Time Deposit having a principal value of USD \$1,000,000 with a three-month maturity
Contract Size	\$1,000,000
Minimum Price Fluctuation (Tick)	Quoted in IMM Index points. One-quarter of one basis point (0.0025 = \$6.25 per contract) in the nearest expiring contract month; one-half of one basis point (0.005 = \$12.50 per contract) in all other contract months. The “new” expiring front-month contract begins at 7:20 a.m., Central Time (CT) after the “old” expiring front-month contract ceases trading at 11:00 a.m. London time on the CME Globex electronic trading platform on the contract’s last trading day
Contract Months	Mar, Jun, Sep, Dec, extending out 10 years (total of 40 contracts) plus the four nearest serial expirations (months that are not in the March quarterly cycle). The new contract month terminating 10 years in the future is listed on the Tuesday following expiration of the front quarterly contract
Last Trading Day	Second London bank business day prior to the third Wednesday of the contract month
Final Settlement	Cash settlement to 100 minus the British Bankers’ Association survey of 3-month LIBOR. Final settlement price will be rounded to four decimal places, equal to 1/10,000 of a percent, or \$0.25 per contract
Trading Hours	Open Outcry: 7:20 a.m. – 2:00 p.m. CT CME Globex Electronic Markets: 5:00 p.m. – 4:00 p.m. CT, Sunday through Friday
Ticker Symbols	Open Outcry: ED CME Globex: GE

For information on Eurodollar futures and options, visit [www.cmegroup.com/eurodollar](http://www.cmegroup.com/eurodollar).

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